

million, partly offset by an underspend against the capital financing budget of £1.500 million and release of contingency for the Council Tax Reduction Scheme.

Overspends due to budget pressures were noted in the following areas –

- Economic Development - largely due to income shortfalls within Culture, Venues and Events and pressures within Property Services, partly offset by a surplus in the Building Services Trading Unit.
- Education – pressures in Home to School Transport, Out of County Placements and Catering were noted. In relation to Universal Free School Meals, uncertainty has been mitigated by a drawdown of £1 million for earmarked reserves.
- Children’s Services – the overspend is primarily due to the placements costs for the authority’s children looked after with sustained demand pressures and price increases resulting in costs exceeding budget.

Slippage on projects was referenced; it was noted that there are a variety of reason for this including increased costs which require value engineering. This in turn creates delays and subsequent inflationary pressures, which serves to highlight the challenging financial climate.

In reference to the budget setting process, it was noted that Cabinet are mindful of the challenges related to budget planning and achievement of savings and will consider how further accuracy can be brought to the modelling process to provide more confidence on achievability.

RESOLVED: that

1. the revenue financial outturn based on the projected position at Month 6 2023/24 be noted.
2. the capital spend and projected position at Month 6 2023/24 be noted.

152 INDOOR ARENA FUNDING STRATEGY

Appendices 1 and 2 of this report are not for publication as they contain exempt information of the description contained in paragraphs 14 and 16 of Part 4 and paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972.

Public and confidential letters from the Economy and Culture Scrutiny Committee were circulated

Cabinet received a report seeking agreement to the funding strategy for the new Indoor Arena project, and seeking authority to enter into and execute the DFA suite of legal agreements previously approved by Cabinet in July 2023. The economic benefits that the new arena will bring to Cardiff were highlighted.

The report highlights that, due to inflationary pressures, the cost of the new Indoor Arena had increased from £180m to £280m; Live Nation consortium will take full responsibility for these additional costs. The Live Nation consortium has worked to

reduce the level of cost increase through a review of the Arena design and reconsideration of site infrastructure requirements.

It was noted that the design has now been developed to RIBA Stage 3, including cost plans, which indicate that the scheme is now within the Live Nation consortium's revised affordability envelope, and without any additional financial contributions from the Council.

Appended to the report is a report from the Council's Treasury Advisors (LINK). The report sets out the economic and interest rate outlook, Authority's current capital financing requirement, borrowing policy and options available, accounting and statutory issues for consideration and financial modelling scenarios.

The proposed funding strategy focuses on temporary borrowing arrangements during the three year construction phase of the Arena whilst the Council continues to monitor the interest rate market, with a view to entering into a more long-term borrowing arrangement at a fixed interest rate either a) once the Arena is open and operational, or b) at such a time when the S151 officer, in their professional judgement, and after considering the latest treasury management advice, concludes entering into long-term funding arrangements is most appropriate and affordable for the Council.

It was highlighted that this strategy is different to previous options considered, in that it would mean the Council carrying interest rate risk after signing the Arena DFA. However, a balance is required between certainty of rates and affordability if the Arena Affordability Envelope is to be met.

The key principles of the funding strategy were highlighted to Members with particular attention drawn to the risk mitigation and milestone reviews that will be put into place.

RESOLVED: that

- 1) the Indoor Arena Funding Strategy as set out within this report and in more detail at **Confidential Appendix 2** be approved.
- 2) entry into and execution of the Development and Funding Agreement (DFA), previously approved by Cabinet in July 2023, be authorised and in so doing approve any amendments to the legal documentation as may be necessary, for reasons including but not limited to ensuring consistency between them and finalising any outstanding areas of further deeds and documents which are ancillary to the legal documents approved, subject to consultation with S151 Officer and Legal Officers.
- 3) It be noted that, subject to entering into a DFA with the Arena Developer/Operator and approval by Cabinet of the MSCP Business Case at a future meeting, relevant financial implications will be updated in the Medium-Term Financial Plan, Capital, and Treasury Management Strategies to be consistent with this funding strategy, to form a revised affordability envelope.
- 4) It be noted that Treasury Management Activities are delegated to the S151 Officer and implementation and review of this funding strategy will be

undertaken as part of the annual updates to the strategy and checkpoints in respect to this project specifically as part of post project review.

153 **ADVICE SERVICE CONTRACT RECOMMISSIONING**

Cabinet considered a report regarding Advice Service contract recommissioning. The report sets out the proposed procurement arrangements for the advisory services contract from 1 April 2024.

The report details the advice services provided by the local authority and sets out the current and proposed procurement arrangements. The consultation undertaken with the sector was highlighted. Following a consultation event, a new referral system will be put into place alongside a refreshed triage system to ensure customers are directed to the correct level of service first time.

RESOLVED: that

1. the overarching approach for the procurement of the external Advice Service provision be approved.
2. authority be delegated to the Director of Adults, Housing & Communities in consultation with the Cabinet Member with responsibility for Tackling Poverty, Equality & Public Health, to determine all aspects of the procurement process (including finalising the evaluation criteria to be used, commencement of the procurement process, the award of the contracts and all ancillary matters pertaining to the procurement).

154 **ACHIEVING A SUSTAINABLE YOUTH WORK OFFER FOR CARDIFF**

A letter from the Children & Young People's Scrutiny Committee was circulate to Members.

Cabinet received a report setting out the proposals to deliver a sustainable youth work offer for Cardiff. The report follows the Cardiff Youth Service Review in 2022 and draws upon the recommendations contained within the review report to ensure that the Youth Service offer in Cardiff is sustainable.

The demands on the service post-pandemic were noted given the reported decline in young people's mental health and well-being, increasing poverty and other ongoing societal challenges.

The funding of the service was highlighted; it was noted that funding has been challenging due to the economic climate, however the teams' efforts were congratulated as delivery in such a climate has been challenging. It was highlighted that SPF funding has provided some stability and that, given the extremely challenging financial outlook, discussions on the future funding arrangements for the service would take place as part of the budget process.

The report highlights the proposals for change and the future vision and operating model. This is to develop strong locality teams to respond to the unique needs of the individual communities they serve. It was noted that the locality teams will be located in the areas of highest deprivation, however, a level of universal provision will be available.

RESOLVED: that

1. the proposed vision, principles, and new operating model for Cardiff Youth Service be agreed.
2. the proposed focus upon locality working, to strengthen and integrate youth work disciplines in a locality area, ensuring that teams are responsive to the needs of the community that they serve, be endorsed.
3. It be noted that the Director of Education and Lifelong Learning will provide updates to the relevant Cabinet Member(s) on the delivery of the actions identified within the report, including assurance that resources are appropriately prioritised to address the needs of the most vulnerable and at-risk children and young people.
4. It be noted that senior managers will provide updates to the relevant Cabinet Member(s) on the work being undertaken to integrate the Cardiff Youth Service more effectively with wider services for adolescents.